



September 11, 1989

RECORDATION NO.

15642-110

FILED 1025

**Istel Rail Corporation**

55 Francisco Street  
San Francisco, CA 94133  
(415) 984-4000  
(415) 781-1035 Fax

SEP 13 1989 -1 10 PM  
INTERSTATE COMMERCE COMMISSION

9-256A021

Hon. Noreta R. McGee  
Secretary  
Interstate Commerce Commission  
Washington, DC 20423

Re: Schedule No. 14 to Master Lease No. 2197-00 dated May 5, 1988, between Istel Railcar Corporation and Hartford and Slocomb Railroad Company

Dear Ms. McGee:

On behalf of Istel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Istel Rail Corporation, Istel Railcar Corporation and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Istel Rail Corporation and  
Istel Railcar Corporation (Lessors)  
55 Francisco Street  
San Francisco, California 94133

Hartford and Slocomb Railroad Company (Lessee)  
P.O. Box 2243  
Dothan, Alabama 36302

This Schedule adds to the Lease Agreement one hundred ten (110) 60', 100-ton, Plate C, XP boxcars bearing reporting marks HS 60001-60126 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker  
Legal Assistant

RECEIVED BY 156 112-5m  
FILED 105

SEP 13 1989 -1 10 PM

INTERSTATE COMMERCE COMMISSION

SCHEDULE NO. 14 TO MASTER LEASE NO. 2197-00

THIS SCHEDULE No. 14 ("Schedule") to that certain Lease Agreement, (the "Agreement") made as of May 5, 1988, between ITEL RAIL CORPORATION as successor in interest to both ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, as lessor ("Lessor"), and HARTFORD AND SLOCOMB RAILROAD COMPANY, as lessee ("Lessee") is made this 16th day of August, 1989.

Lessor and Lessee agree as follows:

1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 14, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech. Designation	Description	Reporting Mark and Numbers	Number of Cars
XP	60', 110-Ton, Plate C Boxcars w/15" End-of-Car Cushioning.	HS 60001 - 60126	110

3. A. The Cars are in Lessee's possession as a result of a Lease Agreement dated as of October 14, 1982, as amended, between Lessor and Lessee, which expired on January 29, 1989. The term of the Agreement with respect to each Car described in this Schedule shall be retroactive to January 30, 1989 and shall continue as to all of the Cars described in this Schedule for three (3) years.
- B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar month to calendar month, for a period not to exceed twenty-four (24) calendar months (each such calendar month an "Extended Term"). Provided

that the Cars are not subject to the assignment agreement dated June 30, 1989 ("MidSouth Assignment") between Lessee as assignor ("Assignor") and MidSouth Rail Corporation as assignee ("Assignee"), a copy of which is attached hereto as Exhibit A, Lessor may terminate the Agreement at any time during the Initial Term or and Extended Term as to some or all of the Cars described in this schedule by providing not less than ten (10) days' prior written notice to Lessee.

4. To ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders to facilitate the movement of the Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.
5. Lessor consents to Lessee's entering into the MidSouth Assignment; provided that Lessor shall perform Lessee's duties under the MidSouth Assignment, except the duties described in paragraph 6 therein, which shall be performed by Lessee, that Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the MidSouth Assignment, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the MidSouth Assignment to any party designated by Lessor.
6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except those delegated to Lessee in Section 5. B. of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement or substituted for Exhibit B thereto. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed, levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute

of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

**8. Rent**

**A. Definitions**

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Unless Lessor and Lessee agree otherwise, any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(iii) hereinbelow).
- (ii) "Revenues Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the July 1989 edition of The Official Railway Equipment Register, as may be updated from time to time.
- (iii) "Revenues" is defined as the total revenues, calculated at the Revenue Rates, that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

- B. Lessor shall receive  
prior to and during the term of the MidSouth Assignment.
- C. Upon the early termination or expiration of the MidSouth Assignment, Lessor shall receive  
the Cars while such Car is off Eligible Lines.

- D. (i) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.
- (ii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.
- E. Any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement (s)"), except as provided for in this schedule, shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the revenues earned by the Cars.
9. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
10. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

**ITEL RAIL CORPORATION**

By: [Signature]  
Title: President & CEO  
Date: August 16, 1989

**HARTFORD AND SLOCOMB RAILROAD  
COMPANY**

By: [Signature]  
Title: President  
Date: 8-14-89

## EXHIBIT A

### AGREEMENT FOR ASSIGNED SERVICE

THIS AGREEMENT FOR ASSIGNED SERVICE ("Assignment Agreement") is made and entered into as of this 30th day of June, 1989, between HARTFORD AND SLOCOMB RAILROAD COMPANY ("Assignor") and MIDSOUTH RAIL CORPORATION ("Assignee").

Assignor and Assignee agree as follows:

1. Assignor shall supply Assignee with the following equipment (the "Cars") subject to the terms and conditions of this Assignment Agreement:

AAR Mechanical Designation	Description	Reporting Marks and Numbers	No. of Cars
XP	60', 100-Ton Plate C Boxcars With 15" End-of-Car Cushioning	HS 60001-60126	110

2. The Cars are in Assignee's possession as the result of an assignment agreement dated June 1986, between Assignor and Assignee, which expired on February 28, 1989. The parties agree that, upon Assignor's instruction, and not without Assignor's instruction, Assignee shall place the Cars into an assignment pool on Assignee's railroad lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 145 of the Code of Car Service Rules, AAR Circular No. OT-10.
3. The term ("Term") of this Assignment Agreement, with respect to each Car, shall commence retroactively on March 1, 1989 ("Delivery") and shall expire as to all of the Cars at the close of business on February 29, 1992.
4. Assignee shall comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession.
5. Assignee shall load the Cars prior to loading any similar Cars leased by or assigned to Assignee from other parties subsequent to the date of this Assignment Agreement, purchased by Assignee subsequent to the date of this Assignment Agreement, or interchanged from other railroads; provided, however, that nothing contained in this Section shall in any event prevent or prohibit Assignee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor. If any Car remains on Assignee's lines because Assignee has not given preference to the Cars as specified in this Section, Assignee shall be liable for and remit to Assignor an amount equal to the revenues which would have

been generated if such Car had been in the physical possession and use of another railroad for the entire period during which such Car is on Assignee's railroad line and had such Car traveled during such period.

6. If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignee. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.
7. When used in this Assignment Agreement, each of the following terms shall have the definitions indicated:
  - a. "Eligible Lines" is defined as the railroad lines owned and operated by Assignee as of March 1, 1989. Unless otherwise agreed by and provided for by Assignor and Assignee, any lines purchased by Assignee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party, effective on the date of such sale, during the term of the Assignment Agreement are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined hereinbelow). If, at any time during the term of the Assignment Agreement, Assignee operates lines other than the Eligible Lines, then Assignee shall supply Assignor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on the other railroad lines operated by Assignee.
  - b. "Revenues" is defined as the total revenues earned and received or due for the use or handling of the Cars on the railroad lines other than the Eligible Lines, including but not limited to, whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction of Assignee.
8. Assignee shall be entitled for each Car while such Car is on the Eligible Lines and shall furnish interchange records to Assignor as requested.
9. Assignor shall receive of Revenues during the term of this Assignment Agreement.
10. Upon any abatement, reduction or offset, Assignee shall, within ten (10) days of Lessor's request, reimburse Lessor for such amount.
11. If, with respect to any calendar quarter ("Quarter"), Revenues received

by Assignor for the Cars in the aggregate are

("Base Revenues"), which represents the amount the Cars would have earned at utilization, with each Car travelling per day, Assignor may so notify Assignee in writing. Within ten (10) days of receipt of such notice from Assignor, Assignee shall exercise the following option:

- A. to pay Assignor the difference ("Difference") between the Base Revenues for the Cars in the aggregate and the actual aggregate Revenues for the applicable Quarter, and agree to pay Assignor the Difference, if any, each subsequent Quarter for the duration of this Assignment Agreement. If Assignee elects this option, Assignee shall pay Assignor such Difference not later than sixty (60) days after notification that during the Quarter such Difference has occurred; or
  - B. to elect not to pay Assignor such Difference for such Quarter. In such event, Assignor may thereafter terminate all or a portion of the Cars from this Assignment Agreement upon not less than ten (10) days' written notice to Assignee at any time during the duration of the Term.
12. Within three (3) calendar months after the end of each Quarter, Assignor shall calculate the amount due either party for such Quarter pursuant to this Assignment Agreement. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that if, following the final calculation (to be made within five (5) calendar months after the end of each calendar year that this Assignment Agreement is in effect), either Assignor or Assignee determines and demonstrates to the reasonable satisfaction of the other that any calculation required herein was incorrect, then any amount paid to either party in excess of the amounts required shall be refunded to the proper party.
13. During the Term, Assignor may, at its expense, replace any or all of the Cars with similar cars upon not less than ten (10) days' prior written notice to Assignee.
14. Assignor is responsible for normal maintenance and repair expenses except as provided below and except for any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (i) damage or other conditions caused by Assignee's negligence or misuse in loading or unloading, or by use other than as permitted under this Assignment Agreement; (ii) damage for which Assignee is responsible under applicable AAR Rules; (iii) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad. Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car.



For any damaged Car that requires repairs other than running repairs, car hire (time and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of Assignee without Assignor's prior approval. Any such repair must be performed under the direction and control of Assignor.

15. Upon expiration or termination of this Assignment Agreement with respect to any Car(s), Assignee shall surrender possession of such Car(s) to Assignor. Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when delivered to Assignee, normal wear excepted, (b) in interchange condition in accordance with AAR and FRA rules and regulations, (c) suitable for loading of the commodities allowed under the Assignment Agreement, (d) free from all accumulations or deposits from commodities transported in or on it while in the service of Assignee, and (e) free of any and all Rule 95 damage. Assignee shall remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 145, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. At Assignor's option and Assignee's expense, Assignee shall remark the Cars to bear new reporting marks to be provided by Assignor and use its best efforts to provide final outbound loads for each Car.
16. Assignee's rights shall be subject and subordinate to the rights of Assignor, of any lessor, and of any owner or secured party under any financing agreement with respect to the Cars. Accordingly, following notice to Assignee from any such lessor, secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Assignment Agreement), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, and that the Cars immediately be returned to such party.
17. ~~All~~ notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, or when transmitted and received by telex addressed as follows:

If to Assignor:

HARTFORD AND SLOCOMB RAILROAD COMPANY  
55 Francisco Street, 5th Floor  
San Francisco, CA 94133

If to Assignee:

MIDSOUTH RAIL CORPORATION  
P.O. Box 1232  
Jackson, MS 39215

18. This Assignment Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.

19. This Assignment Agreement may be executed in two counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD COMPANY

MIDSOUTH RAIL CORPORATION

By: G. F. J. [Signature]

By: H. I. [Signature]

Title: President

Title: VP & CTO

Date: July 26, 1989

Date: JUNE 30 TH 1989

EXHIBIT B  
Running Repairs: Boxcars

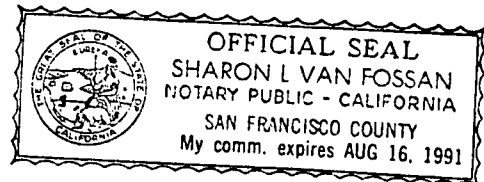
Angle Cocks	Wheels
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	Air Hose Supports
Hand Brakes	
Brake Beams and Levers	
Truck Springs	
Door Hardware (Not Replacement of Door)	

STATE OF CALIFORNIA  
COUNTY OF SAN FRANCISCO

)  
) SS:  
)

On this 16th day of August, 1989, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Rail Corporation, that the foregoing Schedule No. 14 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Sharon L. Van Fossan  
Notary Public



STATE OF Alabama  
COUNTY OF Houston

) SS:

On this 14 day of August, 1989, before me personally appeared C. F. Fischer, Jr., to me personally known, who being by me duly sworn says that such person is President of Hartford and Slocomb Railroad Company that the foregoing Schedule No. 14 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joan Thompson  
Notary Public